

**ORGANIZATIONAL JUSTICE, CONFLICT  
MANAGEMENT STYLES, AND  
ORGANIZATIONAL COMMITMENT AMONG  
BANK EMPLOYEES IN NORTHERN MALAYSIA**

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**by**

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**KEADILAN ORGANISASI, KAEDAH PENGURUSAN KONFLIK DAN  
KOMITMEN ORGANISASI DALAM KALANGAN PEKERJA-PEKERJA  
BANK DI UTARA MALAYSIA**

**ABSTRAK**

Sejak tahun 2010, bank-bank perdagangan di Malaysia telah mempunyai bilangan pusing-ganti staf paling ramai dalam kalangan pekerja-pekerja bukan pengurusan seperti kerani, pegawai dan pegawai kanan. Ini telah menjadi masalah utama dalam industri perbankan di Malaysia yang disebabkan oleh kurangnya komitmen pekerja terhadap organisasi mereka. Pekerja-pekerja ini hendaklah mempunyai persepsi yang baik terhadap organisasi mereka dan dapat menentukan gaya pengurusan konflik yang relevan kerana ini adalah penting dalam membangunkan komitmen organisasi di kalangan pekerja sesebuah organisasi. Kajian ini mencadangkan dan menguji satu kerangka kerja yang menggabungkan kesemua dimensi keadilan organisasi, gaya pengurusan konflik, and komitmen organisasi. Data kajian telah dikumpulkan daripada 303 responden dengan menggunakan satu tinjauan berstruktur. *Partial Least Squares* – Model Persamaan Berstruktur (PLS-SEM) telah digunakan untuk menguji model itu. Keputusan-keputusan analisis menunjukkan tiga dapatan utama: (i) keadilan distributif, prosedur, dan interaksional berhubungkait secara positif dengan tiga gaya pengurusan konflik iaitu integrasi, baik hati, dan tolak ansur dan berkait secara negatif dengan mendominasi serta tidak berkait dengan mengelak; (ii) tiga gaya pengurusan konflik iaitu integrasi, baik hati, dan tolak ansur berhubungkait secara positif dengan komitmen afektif, berterusan, dan norma dan gaya pengurusan konflik mendominasi berhubungkait secara negatif dengan komitmen afektif, berterusan, dan norma dan gaya pengurusan konflik mengelak tidak berhubungkait dengan

komitmen afektif, berterusan, dan norma; dan (iii) empat gaya pengurusan konflik iaitu integrasi, baik hati, tolak ansur, dan mendominasi telah menjadi perantara kepada perhubungan di antara keadilan organisasi dan komitmen organisasi. Berdasarkan dapatan-dapatan ini, implikasi teoretikal dan praktikal berjaya diperolehi.

**ORGANIZATIONAL JUSTICE, CONFLICT MANAGEMENT STYLES AND  
ORGANIZATIONAL COMMITMENT AMONG BANK EMPLOYEES IN  
NORTHERN MALAYSIA**

**ABSTRACT**

Since year 2010, commercial banks in Malaysia have had the most number of staff turnovers among the non-managerial bank employees such as the clerks, officers, and senior officers. This has become a major problem for the Malaysian banking industry primarily driven by the lack of the employees' commitment in the organization. These employees must establish good perception towards their organization and determine the most appropriate conflict handling styles as it is important in developing organizational commitment among the employees in the organization. This study proposes and tests a research framework that integrates all dimensions of organizational justice, conflict management styles, and organizational commitment. Partial Least Squares – Structural Equation Modeling (PLS-SEM) was employed to test the model. The data was collected from 303 respondents using a structured survey. The analysis results revealed three major findings: (i) distributive, procedural, and interactional justice were positively significant with integrating, obliging, and compromising styles, negatively significant with dominating style and not significant with avoiding style; (ii) integrating, obliging, and compromising styles were positively significant with affective, continuance, and normative commitment, whereas dominating style was negatively significant with affective, continuance, and normative commitment, and avoiding style was not significant with affective, continuance, and normative commitment; and (iii) four conflict management styles such as integrating, obliging, compromising, and dominating mediated the relationship between organizational justice and organizational

commitment. Based on these findings, theoretical and practical implications were delineated.



## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In Malaysia, there are various studies that emphasize on organizational commitment, such as Hai (1994), Lian (1998), Lee (2003), Nasurdin and Ahmad (2001), and Ramayah and Nasurdin (2003). Ling and Yuen (2014) indicated that the essential linkage between employees' commitment and the well-being of organization is the main factor that causes the study of organizational commitment getting more interest and gaining importance. Presently, organizations are realizing the competitive advantage that can be gained through effective human resource management. This study has a deep interest in organizational commitment, mainly due to the employees' perception that organizational commitment plays an important role to them.

Employees who have excellent behaviors such as trust in the goals and objectives of the organization are likely to have high commitment towards the organization by participating in all activities and demonstrating higher level of job performance that directly benefits the organization's well-being (Jafri, 2012). Besides that, Khan et al. (2014) discovered that organizational commitment is strongly related to the employee's intention to leave an organization or rather to search for other jobs. Employees who are highly committed will absolutely throw in their selves towards the victory of the organization and are motivated to perform better resulting in the enhancement of organizational effectiveness (Sinclair, 2013). Consequently, this study is relevant in understanding organizational commitment's importance towards the success of the organization.

Past studies highlighted that turnover is derived from lower commitment among employees (Skarlicki & Folger, 2004; Trudel, 2009; Alzahrani, 2013). Hemdi, Omar and Azmi (2012) discovered that turnover is influenced by organizational justice and commitment towards the organization. Masri (2009) in his study among skilled personnel in an organization discovered that employees tend to leave the organization when they perceive that they are treated unfairly especially in pay and promotion as this decreases their job satisfaction and commitment towards the organization. Therefore, justice in an organization is important to ensure employees to move forward in their present job and be committed to the organization (Masri, 2009). Besides that, AlBattat and Som (2013) in their study in Malaysian hospitality industry stated that organizational justice is one of the factors that influenced employees' job dissatisfaction in an organization as this will turn down the employees' commitment and encourage them to walk away from the organization. On the other hand, Abasi, Mohamadipour and Aidi (2014) in their study among bank employees in an Iranian bank discovered that the dimensions of organizational justice among the bank employees effect their job satisfaction and commitment towards the organization. Therefore, it is every banking organization's priority to ensure that their employees' satisfaction is met because it is a known fact that satisfied employees are a valuable asset for an organization's success (Nadiri & Tanova, 2010).

Turnover had begun to spread in the Malaysian banking industry recently especially among the non-managerial bank employees such as the messengers, clerks, officers and senior officers. This can be proven from a study done by Feng and Angeline (2010) revealing that the average annual rate of employee turnover in Malaysia is more than 23%. On top of that, study done by Rubiah (2012) revealing

turnover rate among bank employees in Malaysia is also increasing annually as in 2009 it was 9.3% and increased to 10.1% in 2010. However, the statistic recorded on the highest turnover rate by the financial service sector increased tremendously at 18.3% in 2014 (The Star Biz Weekly, April, 2014). Hussain, Yunus, Ishak & Daud (2013) discovered that commercial banks in Malaysia have the most number of staff turnovers and constitute a major problem as they involve mostly the non-managerial levels from the messengers to senior officers. Personal interviews with several bank managers in Malaysian banking industry seemed to suggest that banking organization experience high bank employees turnover because of the employees perceive that they are treated unfairly in terms of distributive, procedural and interactional justice especially in compensation package and workload. The managers opined that the employees deserve to be served with a lucrative compensation package and better offers rather than current compensation package. Bank employees are encouraged by the demand and availability in the banking industry as many organizations are tempting the employees with lucrative salaries and better offers. On the other hand, Zayas-Ortiz et al. (2015) discovered that many banking organizations are sensitive to the concepts of fairness and justice in developing mechanisms to ensure that employees perceive that they are treated fairly. Employees who recognize justice and equity through the distribution of the compensation package and workloads, procedures of how the compensation package and workloads were distributed, and the interaction of the decision made for the rewards and workloads are more likely to develop a high degree of commitment towards their organization.

Although the organizations often offer high salary and other attractive benefits, the increasing trend is still visible from time to time. The high rising trend

on turnover and declining loyalty among bank employees are due to the increasing demand and keen competitiveness in the banking industry; consequently, affecting not only the attitudes of the employees, the productivity, profitability but also the standard of services rendered in the organization (Rubiah, 2012). Therefore, this has turn out to be the major issue in hiring the right employee for the organization. Moreover, employees' expectation towards the organization varies and if they felt it is below their expectations, they will leave their current job for another as many believe by doing so it gives them ample opportunity for career advancement (Feng & Angeline, 2010). In order to reduce staff turnover in the banking industry, each organization need to enhance organizational commitment among their employees. This will enable the employees to be more dedicated and will strive to meet the company's expectations by achieving its goals and objectives. Hussain et al. (2013) discovered that banking organization need to promote organizational commitment to reduce the turnover rate as well as to enhance organization's performance.

Organizational justice is one of the factors that influence commitment among employees in the organization (Bahramzadeh & Yadegari, 2010). According to Seyed, Faraahi and Taheri (2009), the sense of loyalty among employees towards their organization can affect the employees' performance, attitudes, and behavior in the organization in financial institutions. For instance, if an employee perceived that he is treated fairly in the organization, he will be more committed to the organization as his intention to leave the organization will decrease and vice versa. In recent years, several researchers who conducted studies on the connection between the organizational justice and organizational commitment concluded that both do have direct and significant relationships. For example, Gim and Mat Desa's (2014) study

revealed that organizational justice being an independent variable does have a strong relationship with organizational commitment. As reported by Khan and Rashid (2012) employees who perceived injustice had lower levels of organizational commitment and provide many obstacles for the organization en route to achieving its goal, and, vice versa, when justice prevail the highly committed staffs guide the organization towards its purposes and goals.

Alternatively, literature review indicates that conflict management styles also impacts organizational commitment. Conflict management's ultimate goal is to promote conflict resolution while minimizing the effects of dysfunctional conflict (Alzahrani, 2013). Methods for resolving conflict is different each time according to the type of conflict that erupted among the employees. For example, employees must work together to identify the sources of conflict. Therefore, total commitment from the employees is very much needed to resolve conflicts effectively. Employees must select the best method from the conflict management styles to solve the conflict effectively and which gives them full satisfaction. Thus, determining the relevant conflict resolution strategy is important in developing organizational commitment. Rahim (2002) conducted a study by applying his dual concern model of five conflict management styles on organizational commitment and discovered organizational commitment is negatively associated with the conflict management strategies of avoiding and dominating, but positively associated with compromising, obliging and integrating. Therefore, it appears that those conflict management styles which allow a subordinate's opinions to be expressed and used in the achievement of organizational goals are the ones which will be the most fruitful in producing organizational commitment.

Organizational justice and conflict management styles have seized the attention of researchers in organizational behavior such as Tatum and Eberlin, (2008), Trudel (2009), and Crow, Lee and Joo (2012). They had conducted studies focusing on investigating the relationship of organizational justice and conflict management styles on organizational commitment measuring each of the variables individually and separately. Hence, this has led the present study to integrate these variables in a single research framework for example; it will be focusing on the relevance to organization justice, conflict management styles and organizational commitment. This is relevant as organizations are moving towards high performing working systems as employees will face a lot of obstacles in their job and also can cause conflict among them in the organization (Ozgan, 2011). Therefore, study of fairness in conflict management styles relationships will become increasingly important. In addition, Ozgan (2011) supported the study done by Rahim, Magner and Shapiro (2000) and Tatum and Eberlin (2008) whose study proposed that all managers have to concentrate on practicing fairness in an organization in order to resolve conflicts. Working together in a fair system is of utmost importance in handling organizational justice and conflict management. Full awareness of organizational justice promotes growth for a workforce to face high technological advancements in a volatile working environment (Tatum & Eberlin, 2008).

In recent years, there have been researches on organizational justice and conflict management styles and their respective impact on organizational commitment (Crow et al., 2012; Trudel, 2009; Kimball, 2004). Even though many studies have been conducted in these two areas, most are not integrated with each other. This also includes insufficient literature examining the role of conflict management styles as a link between organizational justice and organizational

commitment. Therefore, this study is embarked in an effort to bridge the gap in the study of organizational commitment by integrating all organizational justice's dimensions together with conflict management styles as the mediator in the banking industry. Specifically, the present study determines the relationships of three dimensions of organizational justices such as procedural, distributive and interactional justice and five dimensions of conflict management styles namely integrating, obliging, avoiding, dominating and compromising. In addition, this study also verifies the relationship between all five conflict management styles and three organizational commitment's elements such as affective, continuance and normative commitment.

### 1.1.1 Overview of Banking Industry in Malaysia

According to Bank Negara Malaysia (2014), Malaysian banking system consists of Conventional Banks, Islamic Banks, International Islamic Banks and Investment Banks. These banks are the main source of business activities and economic growth in Malaysia. Hence, the banks need to retain their employees in the organization to enable them to sustain growth and to compete in this highly competitive industry. Table 1.1 provides an overview of the number of licensed banking institutions in Malaysia for the year ending November 2014.

Table 1.1  
*Number of licensed banking institutions in Malaysia as at year 2014*

<b>Financial Institution</b>	<b>Total</b>	<b>Malaysian - Controlled Institutions</b>	<b>Foreign - Controlled Institutions</b>
<b>Conventional Banks</b>	27	8	19
<b>Islamic Banks</b>	16	10	6
<b>International Islamic Banks</b>	4	-	4
<b>Investment Banks</b>	12	12	-
<b>Total</b>	59	30	29

*Note.* Sources: BNM, 2014

## **1.2 Problem Statement**

This study focuses on the non-managerial bank employees in Malaysia as they are the ones who with increasing turnover rate as this has caused major problem to Malaysian banking industry (Hussain et al. 2013). Ghosh, Rai and Sinha (2014) in their study among bank employees found out that the turnover rate is high in the banking organizations due to lack of commitment among the employees. Moreover, past studies such as Skarlicki and Folger (2004), Trudel (2009) and Alzahrani (2013) revealed that deficiency in organizational commitment among employees will result in negative behaviours such as job frustration, higher absence, and increased turnover intention as these problems will surely affect employees' attitudes and organization's performance. As a result, the banking organizations need to foster organizational commitment to reduce the turnover rate as well as to improve employee's attitudes and organization's performance.

Organizational commitment studies among bank employees in Malaysia are very rare as not many researchers have studied the phenomenon in the banking sector within Malaysia. Therefore, there is lack of studies on organizational commitment among bank employees in Malaysia despite the urgent need for more information on how to improve staff turnover and especially to improve employee's attitudes and organization's performance to survive the challenges faced by the bank employees in Malaysia (Hussain et al., 2013; Ghosh et al., 2014; Nadim, Akbar & Begum, 2006). Organizational commitment has become a major issue in a competitive business environment as organizations fully depend on their employees as they play an important role to provide the organization with sustainable competitive edge by staying updated with current technological advancements, educational developments, employees' diversity, and organizational reformation



(Woolridge, 2000). In addition, Crow et al. (2012) mentioned that stress, decision making, higher absenteeism, and employee turnover being the more severe issues relating to organization commitment of employees.

The major problem among bank employees nowadays lies in the organizational commitment. Organizational commitment is an issue that has social, organizational and legal ramifications. On top of that, Hoang (2012) indicated that the concept of organizational commitment has grown in reputation in the literature of organizational behavior over the past twenty years. There are substantial evidence that organizational commitment has been having major impact on organizational performance and is a critical outcome variable with regard to the organization's dynamics and processes, especially in this informative era.

Organizational commitment has been identified to have significant relationship with participation in decision-making, organizational culture, and feelings and values of personal importance to the organization (Appelbaum et al., 2013; Idrus, Armanu, Sudiro, & Rohman, 2014; Nasir, Abbas, & Zafar, 2014). Kennedy (2012) revealed that the consequences of low commitment among employees include growing absenteeism, reduced job satisfaction, higher turnover intentions, withdrawal behaviors and distress. In addition, Shin (2013) revealed that the consequences of low commitment will promote to increasing turnover rate among employees in organizations.

According to Shaw and Fairhurst (2010), majority of the bank employees unveiled the reasons for quitting an organization is to meet their needs and demands for changes such as higher salary, flexible working hours, lower workload and fair working schedule. Menefee and Murphy (2004) discovered that the main reasons bank employees walked out of their organizations due to dissatisfaction on salary,

conflicts with peers, and limited chances for career development and uncomfortable with working environment.

Nair, Salleh, and Nair (2014) stated that high turnover gave severe impact on organization's financial affairs. For instance, if an employee leaves, the organization needed to recruit, select and train new employees as this will cost about 25% of his total annual salary. Besides that, Ismail and Lim (2007) stated that high turnover will deprive an organization's ability to compete in this competitive market. Overall, the ever increasing turnover rate in the financial sector especially among commercial banks not only disrupted the productivity and quality of its services but also the profitability due to the lack of expertise in its banking sector (Rubiah, 2012).

In the banking industry, the employees need to exhibit a very high performance job attitude to assist the organization to achieve its goals and missions which depends on the marketability of the banks services and its products (Rubiah, 2012). Bank employees will be forced with a higher workload on limited timeframe to complete their tasks daily. This will put a lot of pressure on their shoulders which might ultimately lead them to leave their job or the organization. As a result, the turnover rate in the banking industry will continue to increase.

In line with these untoward consequences, this study recommends a need to study commitment especially with organizational changes involving staff shortage, the decline from the organizational hierarchy, and the automation of processes and services with the introduction of new technology. Alzahrani (2013) pointed out that highly committed employees are more desirous of remaining with the organization and working towards the organization's goal and hence are less likely to leave. Therefore, commitment among employees is vital to ensure the employees full cooperation to work together and help reduce their workload to achieve

organization's goals and objectives. In summary, there is dire need to examine the relationships of organizational justice and conflict management styles on organizational commitment as an effective method to reduce or prevent rising turnover rates.

### **1.3 Research Objectives**

Given the above background and in view of the study, the objectives that were addressed in this research are as follows:

- i. To determine the direct relationship between organizational justice and conflict management styles.
- ii. To determine the direct relationship between conflict management styles and organizational commitment.
- iii. To determine the mediating role of conflict management styles between organizational justice and organizational commitment

### **1.4 Research Questions**

Given the above background and in view of the objectives, the questions that will be addressed in this research are as follows:

- i. Does organizational justice affect conflict management styles?
- ii. Do conflict management styles affect organizational commitment?
- iii. Do conflict management styles mediate the relationship between organizational justice and organizational commitment?

### **1.5 Significance of the study**

The significance of this study can be seen from both theoretical and practical perspectives. From theoretical perspective, this study provided an integration of two separate literatures such as organizational justice and conflict management styles in examining their direct effects on organizational commitment. This means that the integration facilitated the examination of the direct effects of organizational justice and conflict management styles on organizational commitment. From the practical perspective, this study will be expected to discover whether organizational justice and conflict management styles are significant with organizational commitment.

Besides that, this study is expected to verify findings of previous researches of both the positive and negative consequences of organizational justice and conflict management styles. There are only a few employees who realize that they are engaged in organizational justice and conflict management styles daily. Most of them are often unaware that they are engage in such behaviors. As such, despite their daily routine in the workplace, organizations are still unaware of the significant impact of these variables on organizational commitment. It is hoped that the result obtained from this study will contribute to a better understanding of organizational justice and conflict management styles in Malaysian context, thereby enabling management to use the appropriate programs in their organization.

This study could contribute to a better understanding between the employees' to strengthen the relationship among them. The employees need to know the importance of fairness and handling conflict effectively in order to enhance commitment among them, and having the adequate information that can help the employees to maintain and develop a good relationship. Moreover, the findings can provide a guideline for designing the right programs to boost organizational

commitment that can improve fairness and eliminate conflict in organization, all of which if effectively implemented can directly improve organizational growth and withstand competitiveness.

In summary, this study is expected to have several significant and practical implications both for scholars especially in areas of organizational behavior and human resource management. The insights gained from this study will be beneficial to the organization. For example, the study in identifying the factors for positive perceptions of organizational justice and effective conflict management can enable organization to design and initiate programs that are cost effective in nurturing the desired relationships to help enhance organizational commitment, decrease turnover rate and increase organization's productivity.

## **1.6 Scope of the Study**

This study was conducted among non-managerial bank employees from the level of messenger to senior executives who were working in the states of Perlis, Kedah, Penang and North Perak which were located in the northern region of Peninsular Malaysia. All of the local and foreign commercial banks were involved in this study. The exclusion of whole Peninsular Malaysia banks is due to time restrain and budget restriction. Data was collected in 4 months period starting from January until April 2014. The unit of analysis in this study was individual. A total of 1200 questionnaires were distributed to the bank employees according to the response rate of 25% based from the personal interviews with the bank managers.

## **1.7 Definition of Key Terms**

**Distributive Justice** - Fairness in the distribution of rewards for instance, pay, bonuses, and promotion in the workplace (Choi & Chao, 2007).

**Procedural justice** - The fairness issue with regards to the methods, systems, and processes used to determine outcomes (Folger & Cropanzano, 1998).

**Interactional justice** - The quality of the interpersonal treatment received during the execution of a procedure (Bies & Moag, 1986).

**Conflict management styles** - Conflict management styles is defined as the attributes to manage conflict in various methods such as dominating, integrating, compromising, accommodating, and avoiding (Rahim, 2002).

**Affective Commitment** - A strong desire to remain with and identify with the organization (Meyer & Allen, 1997).

**Continuance Commitment** - An awareness of costs associated with leaving the organization or awareness on need of options (Hartmann & Bambacas, 2000).

**Normative Commitment** - A feeling of obligation to remain with an organization based on one's personal norms and values (Meyer & Allen, 1997).

## **1.8 Organization of the Thesis**

This study comprises of five chapters. Chapter 1 provides a synopsis of the background of the study, the problem statement, research objectives, research questions, significance and scope of the study and definition of key terms. Next, Chapter 2 concentrates on the past studies and practical findings on organizational commitment, organizational justice and conflict management styles. This chapter too illustrates the research framework and touch on the development of the hypotheses drawn from the framework. On the other hand, Chapter 3 presents the research design, population and sample size, sampling procedure, procedures on the data collected, research instruments, the various measures taken and lastly the statistical techniques adopted in analyzing the data collected. Later, Chapter 4 outlines the data analysis and results. It starts with the activity of descriptive statistics on response rate and profiles of respondents. This is followed by testing for goodness of measures, correlation analysis, multiple regression analysis, and hierarchical regression analysis in order to test the hypotheses. At last, Chapter 5 exemplifies the recapitulation of the study by discussing the objectives and the achievements. On top of that, the research results and the implications are discussed based on the previous findings. At last, the discussion on the limitations of this study and suggestions for future research were added into this chapter.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The present study's main objective is to test conflict management styles as a mediating tool between organizational justice and organizational commitment. The basis that a relationship exists between organizational justice, conflict management styles and organizational commitment is based on valid assumptions from previous studies, theories and concepts. Firstly, the present study discusses the concept of organizational commitment followed by several views of organizational commitment approaches. Review of literature on organizational commitment was continued on Meyer and Allen's (1991) three-component approach that was adopted in this study and concludes with a discussion on organizational commitment among bank employees. Next, the concept and dimensions of organizational justice were discussed followed by the concept and five styles of conflict management which is adopted from Rahim (2002). Later, this chapter also discusses on the research framework and development of hypotheses for the present study.

#### **2.2 The Concept of Organizational Commitment**

The study on organizational commitment has grown rapidly over the past two decades as latest articles on organizational commitment were published in organizational behavior journals until now thus adding to the available literature on this topic. In addition, organizational commitment has been one of the major qualities of an employee and it is a fact that any employee who experiences high organizational commitment will be engaged in positive behaviors such as higher job performance that ultimately benefits the organization (Naqvi, Ishtiaq, Kanwal, & Ali,



2013). Nasir, Abbas, and Zafar (2014) exposed the fact that the studies on organizational commitment have lent focus on the attachment of employees to the organizations, the factors contributing to and consequences of their attachment.

Researchers (Bateman & Strasser, 1984; Mottaz, 1989) have tried many approaches to analyze the study of organizational commitment and discovered the most popular approach to conceptualize organizational commitment into two factors such as attitudinal commitment and behavioral commitment. According to Mowday, Steers, and Porter (1982) commitment for an organization is shown through a change in behavior for desired rewards or the similarity of individual's goals and values and that of the organizations. Mowday et al. (1982) discovered that organizational commitment was separated into two approaches such as attitudinal commitment and behavioral commitment. Mowday et al. (1982) defined attitudinal commitment as an employee identifies with organization's goals and wishes to maintain membership in the organization in order to achieve these goals. On the other hand, behavioral commitment represents a state in which the employee exhibits the behaviors consistent with those identified as demonstrating commitment to the particular organization (Mowday et al., 1982). Reichers (1985) indicated that both commitments have cyclical relationship as attitudinal commitment leads to commitment behaviors that strengthen commitment attitudes.

Nevertheless, Meyer, Allen and Smith (1993) had put forth another view about organizational commitment. They divided organizational commitment into three categories namely affective, normative and continuance commitment. Their model has been utilized in many studies (Hooda & Singh, 2014; Khan & Rashid, 2012; Vella, Caruana, & Pitt, 2012). Affective, normative and continuance commitment are viewed as clear components rather than as types of attitudinal

commitment. Allen and Meyer (1991) indicated that employees with high affective commitment will continue employment with the organization until last, while employees with high normative commitment will feel obligated to continue employment with the organization and employees with high continuance commitment will show that they need to continue employment with the organization.

The importance of organizational commitment to an organization is it can help organization's grow in worldwide market as organizational commitment is a central construct in management, sales, marketing, and psychology that is in most aspects of conducting business. Researchers agreed that an employee with high commitment tend to stay with the organization through thick and thin, attends work daily, puts in a full day's work, protects organization's assets and shares the objective and vision of the organization (Khan et al., 2014).

Seto (2013) indicated that the higher the level of commitment the employee has towards his or her organization, the more effort he/she will exert in performing daily tasks. Researches revealed that there is significant relationship between employees' commitment and their performance on the job; intention to leave or to search for alternative jobs (Nair et al., 2014; Sinclair, 2013; Khan et al., 2014). In addition, the issue of organizational commitment has received courtesy for several years as organizations are always looking methods to enhance their employees' participation to boost organization's performance (Bhatti, Nawab, & Akbar, 2011). Researchers suggested that employees' performance in an organization could be developed by clearly understanding the employee about his connection between the levels of commitment towards the organization as employees' commitment is related to intention to quit (Rasool et al., 2013).

Suitable application of significant variables to improve employee commitment could allow organizations to reduce turnover rate as a result increasing organization's productivity and performance. On top of that, Swathi, Reddy and Reddy (2014) stated that increase in the employees' participation is also one of the way enhance organization's productivity. Study done by Ahmed and Ahmed (2013) revealed that committed employees had demonstrated lower withdrawal behavior such as turnover, and vice versa, the higher tendency to engage in extra-role behavior such as creativeness, which always keeps an organization competitive. In addition, organizations can boost their productivity as well as gaining competitive advantage through effective human resource management that produces motivated and committed employees whom have low intention to resign or search for alternative jobs (Tabiu & Nura, 2013).

### **2.2.1 Meyer and Allen's Three-Component Approach**

The three-component approach of commitment introduced by Meyer and Allen (1991) has fascinated various scholars who have utilized the instrument. In addition, this instrument had been tested and proven for having good and acceptable internal consistency reliability (Kennedy, 2012). Meyer and Allen (1991) segregated organizational commitment into three different components and they are the affective, continuance and normative commitment. They also developed measurements with specific scales for each component.

Previous researchers such as Meyer et al. (1993) indicated affective commitment as the employee's emotional attachment to, identification with, and involvement in the organization based on positive feelings or emotions toward the organization. Affective commitment is considered as most attractive for an

organization because employees with high levels of affective commitment are more likely to enthusiastically contribute to the performance and productivity of an organization (Dunham, Grube, & Castaneda, 1994).

Cynthia (2014) stated that affective commitment is employees' encouraging attachment towards the organization as they will work hard to accomplish their organizations goals and wishes to stay at the organization. In addition, affective commitment influences employees to pursue organization's goals and having longer tenure in the organization (English, Morison, & Chalon, 2010). On top of that, employees that have emotional affiliation toward the organization and an employee with a strong affective commitment possess a strong desire to retain membership in the organization voluntarily (Chandel et al., 2011).

On the other hand, the counter part of affective commitment is continuance commitment. Earlier researchers have measured organizational commitment based on the dimension of continuance commitment (Mayer & Schoorman, 1992; McGee & Ford, 1987). Agarwal, Decarlo, and Vyas (1999) defined continuance commitment as the extent to which an employee displays a willingness to continue to work for the organization. According to Meyer & Allen (1991), continuance commitment is a desire to be loyal in an organization because of nontransferable benefits that make it too costly for one to leave and seek employment in other organization such as close attachment with subordinates, retirement investments, career investments, acquired job skills, and years of experience in an organization. Meyer and Allen (1997) found that continuance commitment reveals the relationship between employees and organization. For example, employees with strong continuance commitment have a strong intention to stay in the organization.

Employees tend to remain with their organization with a strong continuance commitment because they need it (Norizan, 2012). Akroyd and Engle (2014) stated that employees with strong continuance commitment tend to stay at the organization due to a consciousness of the costs related to leaving the organization. For instance, if the employees think that the cost of leaving the organization is higher, the employee is most likely to continue to be committed to the organization. Kennedy (2012) pointed out that employees' that have high continuance commitment stayed with their organizations not only because of the high costs associated with leaving, but because of the lack of opportunities for other employment.

Lissy and Venkatesh (2014) stated that lucrative rewards by the organization to their employees would increase the employees' continuance commitment towards the organization. Another opinion expressed is employees provided with compensation packages and opportunities to promotion can enhance employees' desire to keep on with their organization (Mathur & Salunke, 2013). In addition, Mathur and Salunke (2013) also suggested that organization's initiative to offer socialization programs that provide employees with sufficient information about role expectations be able to decrease employees' role ambiguity and therefore decrease employees' tendency to leave the organization. Additional training programs aimed to minimize vague job requirements provided to employees' can help them to reduce role ambiguity and consequently increase their intention to remain as one of the member in the organization.

An established empirical study done by Meyer and Allen's (1997) among nurses about organizational commitment discovered that affective and normative commitment will decreased when continuance commitment increased supported studies by Lissy and Venkatesh (2014) and Mathur and Salunke (2013). Employees

that stay and maintain continuance commitment are always calculating the benefits and weighing those against the costs of membership in the organization (Meyer & Allen, 1997). As a result, continuance commitment of employees depends on the cost of investments that could be lost if an employee resigns from the organization. Meyer and Allen (1997) had made it simple that continuance commitment is a function of investments and the availability of alternatives. In addition, Hussain and Asif (2012) indicated that continuance commitment has an inverse relationship with organization's turnover rate whereas affective commitment has positive relationship with performance, citizenship behaviors and satisfaction with work.

Conversely, normative commitment is explained as the employees will remain with an organization by virtue of their belief that it is the right thing to do (Meyer & Allen, 1997). Employees of an organization with a strong sense of normative commitment will continue to work with that particular organization because they forced to stay on (Meyer & Allen, 1997). Besides that, Wiener (1982) indicated that normative commitment could develop the organization based on a collection of pressures that employees feel during their early socialization from subordinates and work culture and during their socialization as newcomers to the organization. Besides that, normative commitment also might develop the organization because of the psychological contract between an employee and the organization (Roussseau, 1995). Furthermore, normative commitment is more felt when an employee stays faithful to his employer or feel responsible to work for the benefits that he received from the organization because of the desire to compensate the favors received from the organization (Meyer et al., 1993). The normative commitment concerns the employee's belief about his or her scope of responsibilities to the organization. Moreover, Meyer et al. (1993) stated that the two assets, namely

skills and education are not transferable easily to other organization that tends to increase workers' commitment to the organizations for which they serve.

Padmakumar & Gantasala (2011) stated that normative commitment involves being morally obligated to continue working with an organization. For reasons like the feeling of thankfulness, the need for reciprocity or organizational socialization, normatively committed employees feel that they should stay with the organization as these feelings often comes from generalized value of loyalty and duty (Rahmani, 2014). It is almost natural predisposition to be loyal and committed to the employment organization because of socialization in a culture that places a premium on loyalty and devotion to the organization. In addition, this commitment holds that an individual demonstrates commitment behavior solely because she or he believes it is the moral and right thing to do (Hussain & Asif, 2012). Besides that, Mathur and Salunke (2013) stated that normative commitment refers to an employee's feeling of obligation to remain with organization where the employees having internalized the values and goals of the organization. The potential antecedents for normative commitment include colleagues' commitment where it including affective and normative dimensions, as well as commitment behaviors, organizational dependability, and participatory management. Normative commitment also known as a required commitment whereby it proposed that responsibility as the element that keep employee with the organization (Kumar & Bakhshi, 2010). In a study done by Komari and Djafar (2013) to examine managerial perception of affective and continuance commitment revealed that job performance, self-sacrifice, and obedience were significantly related to continuance commitment. In short, employees with a strong sense of normative commitment remain with that organization because they feel they ought to do so.

Conclusively, from the above discussion, it is understandable that even though there many studies on organizational commitment, none of the research have considered studying commitment on an integrated basis, for instance integrating organizational justice and conflict management styles (as a mediating variable) in a single research framework.

### **2.2.2 Organizational Commitment Among Bank Employees**

Esgandari, Bonab, Sarmast, Azar, and Khalili (2012) recommended that bank employees should recognize any type of development and growth at their banks is carried by committed employees. Thus, committed employees play an important role in banks success mainly. For example, the committed employees will cause the existence of competitive advantages at banks together with gaining satisfaction of bank customers. The employees must work together to help the organization run efficiently. Moreover, employees have to respect useful point of views of their colleagues especially on the organizational issues which can boost their commitment towards the organization. The committed employees must consider themselves as a part of the organization and contribute extreme effort in accomplishing the organization's objectives as the objectives are considered as their objectives.

Khan (2015) in his study has indicated that the banking industry requires workers who had a high commitment to produce outstanding individual performance, especially when discretionary effort of workers significantly affects the performance of the organization. He also suggests that banks to increase productivity gains, the organization should apply the practice of high-involvement work with organizations such as employment practices to cultivate their skills and commitment.